



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Chief Administrative Officer
Auditor-Controller
Director of Health Services

At its meeting held January 11, 2005, the Board took the following action:

S-1, 2 and 7

The following items were called up for consideration:

S-1

Presentation by Navigant Consulting, Inc., of its 60-day assessment of Martin Luther King Jr./Drew Medical Center.

2

Supervisor Knabe's recommendation to instruct the Chief Administrative Officer to assemble a team to prepare and submit for Board consideration, within 90 days, a draft Health Authority Blue Print which would address various issues and serve as a workable plan for the possible implementation of a health authority to run the County's entire hospital system, along with a proposed milestone-level action plan, timetable and budget; also review and cite all available previous studies and reference materials and consult with key contributors to past studies and other knowledgeable authorities.

7

Supervisor Antonovich's recommendation to hold quarterly governing body meetings for each County hospital on a rotating basis, consisting of a formal governing body report provided by the Director of Health Services and the leadership of the respective hospitals, with presentations to address, but not be limited to, reports on the following: Medical Staff/Professional Staff Association, Medical Staff Credentialing and Privileging, Nursing, Administration, Quality Assurance/Risk Management, Staff Recruitment and Retention, and Financial Indicators.

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S-1, 2 and 7 (Continued)

Kae Robertson, Managing Director of Navigant Consulting gave a verbal presentation of the attached "60-Day Assessment of the Operations of King/Drew Medical Center." Dr. Thomas L. Garthwaite, Director of Health Services, Fred Leaf, Chief Operating Officer, Department of Health Services, responded to questions posed by the Board. Dr. Brian Johnston, representing the Los Angeles County Medical Association, Yvonne Michelle Autry, Dr. Genevieve Clavreul, and other interested persons also addressed the Board.

After discussion, on motion of Supervisor Knabe, seconded by Supervisor Burke, unanimously carried, the Director of Health Services' recommendations, as outlined in his attached report entitled "Navigant Consulting's 60-Day Assessment of the Operations of King/Drew Medical Center," were approved.

Supervisor Antonovich made a motion that the Director of Health Services and Auditor-Controller be directed to review audits of Martin Luther King Jr./Drew Medical Center performed by the Auditor-Controller and the Department of Health Services' Inspection and Audit Division over the last 10 years, and report back to the Board in 15 days outlining all outstanding recommendations which have not been fully implemented.

Supervisor Yaroslavsky made a suggestion that Supervisor Antonovich's motion be amended to remove the Director of Health Services from the directive and instead direct only the Auditor-Controller to review audits of Martin Luther King Jr./Drew Medical Center performed by the Auditor-Controller and the Department of Health Services' Inspection and Audit Division over the last 10 years, and report back to the Board in 15 days outlining all outstanding recommendations which have not been fully implemented. Supervisor Antonovich accepted Supervisor Yaroslavsky's amendment.

Supervisor Antonovich's motion, as amended, seconded by Supervisor Yaroslavsky, was unanimously carried.

Supervisor Knabe made the following statement:

"With the serious situation which has developed at Martin Luther King, Jr./Drew Medical Center, it is time the Board consider the possibility of establishing a health authority to run our entire hospital system. We need to determine what works best for the County of Los Angeles and our 10 million residents.

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S-1, 2 and 7 (Continued)

“Before such consideration can take place, a series of questions must be answered and we need a working document to review and consider. It is time to do what is necessary to provide a firm and lasting answer. We need a workable plan – a Health Authority Blue Print. The blue ribbon studies we have received thus far are conceptual, and not specific enough to act upon. We have also received case study materials on hospital authorities now in existence elsewhere including: how they work, what has worked well in those jurisdictions, and what has not. We have also been briefed by knowledgeable experts on the subject.

“Now is the time to pull all this information together into a plan that makes sense for Los Angeles County and get the answers to some very important questions.

“This Health Authority Blue Print needs to answer *at least* the following questions:

- What existing County operations will be shifted to the Authority?
- How will this be phased?
- What will the new Authority be called?
- How many people will be on the Board?
- What will their qualifications be?
- How will they be selected?
- How long will they serve?
- How many hours a year will they work and how much will they be paid?
- How and under what circumstances will they be removed?
- What effect will the transfer of an operation from the County to the Authority have on the civil service status of existing employees?
- What will be the status of new employees?
- What effect will the transfer have on existing bargaining agreements, and how will this be addressed?
- How will the Authority be held accountable for quality of care and financial performance?
- What will be the relationship between the Authority and the County?

(Continued on Page 4)

S-1, 2 and 7 (Continued)

- What will be the County's funding obligation?
- What will be the Authority's and County's Section 17000 obligation?
- Who will own the transferred facilities?
- How will capital development be funded?
- How will the levels of Medi-Cal reimbursement be protected and maintained through and after the transfer?
- What County controls will the Authority be subject to in the areas of personnel management, employee relations, purchasing, contracting, capital financing and legal representation?
- Will the Authority be able to use the County's resources in these areas?
- What are the estimated one-time transition costs?
- What are the potential long-term savings?

"The creation of a health authority appears to require State legislative action but not a vote of the people. However, given the fundamental change this would make in County government, we may wish to give County voters a direct say through a nonbinding ballot resolution on whether the Blue Print we approve should be implemented.

"The Health Authority Blue Print also needs to provide a proposed milestone-level action plan, time table and budget for going forward. The action plan and time table should specify that there will be public Board hearings on the draft, a Board decision on the final Blue Print, and optionally, a nonbinding local ballot measure on whether the public favors that we to go forward with it."

Therefore, Supervisor Knabe made a motion that the Chief Administrative Officer be instructed to:

1. Assemble a team to prepare and submit for Board consideration within 90 days, a draft Health Authority Blue Print which would address various issues and serve as a workable plan for the possible implementation of a health authority to run the County's entire hospital system, along with a proposed milestone-level action plan, timetable and budget; and

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S-1, 2 and 7 (Continued)

2. Review and cite all available previous studies and reference materials and consult with key contributors to past studies and other knowledgeable authorities.

After discussion, Supervisor Molina made a suggestion that Supervisor Knabe's motion be amended to:

1. Instruct the County's Legislative Advocates to work with members of the State Legislature to draft an appropriate bill relating to the possible creation of a health authority within Los Angeles County; and
2. Instruct the Chief Administrative Officer to also report back with an analysis on the Alameda Authority, Denver Health Board of Directors, and other authorities operating under similar state guidelines to understand how they are working and what might work effectively within Los Angeles County.

Supervisor Knabe accepted Supervisor Molina amendment.

Supervisor Knabe's motion, as amended, seconded by Supervisor Burke, was duly carried by the following vote: Ayes: Supervisors Burke, Knabe, Yaroslavsky and Molina; Noes: Supervisor Antonovich.

Supervisor Antonovich made the following statement:

"It is the responsibility of the Board of Supervisors to provide leadership and oversight of all Department of Health Services' functions, including the operations of County hospitals.

"A separate health authority would only add a layer of fat and bureaucracy, and there is no guarantee that it will improve the efficiency of services delivered. In New York, for example, political interference has hindered the Health Authority's ability to close outdated facilities. In Alameda County, transition to an independent Health Authority was fraught with problems with transitioning personnel and payroll services that proved costly and problematic. This Health Authority is currently facing a \$9 million deficit. San Francisco's Health Commission has duplicated efforts in the budget process wasting taxpayer monies and confusing efforts in health planning and operations.

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S-1, 2 and 7 (Continued)

“Los Angeles County has budgeted nearly \$652 million for King/Drew and the Health Services Administration, including annual salaries and employee benefits to the Director of Health Services’ Dr. Thomas L. Garthwaite (\$330,000), Chief Operating Officer Fred Leaf (\$249,000), overall King/Drew Hospital management (\$923,000), Chief Administrative Officer David Janssen (\$259,000), as well as the \$13.6 million Navigant is being paid for management consulting at King/Drew.

“It is the Department of Health Services’ responsibility to operate County hospitals to protect patients and provide quality care. We need to hold managers accountable. If they cannot do the job, they need to step aside. Creating a health authority is a rip-off to the taxpayers. This County has the infrastructure in place to focus on Health Services and County hospitals.”

Therefore, Supervisor Antonovich made a motion that the Board hold quarterly governing body meetings for each County hospital on a rotating basis, consisting of a formal governing body report to be provided by the Director of Health Services and the leadership of the respective hospitals, with presentations to address, but not be limited to, reports on the following:

- Medical Staff/Professional Staff Association;
- Medical Staff Credentialing and Privileging;
- Nursing, Administration;
- Quality Assurance/Risk Management;
- Staff Recruitment and Retention; and
- Financial Indicators.

Said motion failed for lack of a second.

07011105_S-1, 2 and 7

Attachment

Copies distributed:
Each Supervisor
County Counsel